



Rules and Ancillary Document Review Checklist
(This form must be filled out electronically.)

All responses should be in **bold** format.

Document Reviewed (include title):

WAC 458-40-610 – Timber excise tax – Definitions
WAC 458-40-640 – Timber excise tax – Stumpage value area (map)
WAC 458-40-650 – Timber excise tax – Timber quality codes defined
WAC 458-40-660 – Timber excise tax – Timber stumpage value adjustments
WAC 458-40-670 -- Timber excise tax -- Timber excise tax -- Chipwood and small log destinations.
WAC 458-40-680 -- Timber excise tax – Volume harvested – Approved scaling and grading methods - Sample scaling - Conversions.

Date last adopted:

WAC 458-40-610 -- adopted October 3, 2002
WAC 458-40-640 -- adopted December 21, 2000
WAC 458-40-650 -- adopted September 19, 2000
WAC 458-40-660 -- adopted December 19, 2002
WAC 458-40-670 -- adopted December 1, 2000
WAC 458-40-680 -- adopted December 1, 2000

Reviewer: **Ed Ratcliffe**

Date review completed: **May 1, 2003**

Is this document being reviewed at this time because of a taxpayer or business association request? (If "YES", provide the name of the taxpayer/business association and a brief explanation of the issues raised in the request). **YES** ☐ **NO** ☒

Type an "x" in the column that most correctly answers the question, and provide clear, concise, and complete explanations where needed.

1. Explain the goal(s) and purpose(s) of the document:

- **WAC 458-40-610 provides definitions for the timber excise tax.**
- **WAC 458-40-640 provides a map to identify the stumpage value areas where the timber is harvested and the haul zones or hauling distances from that forest land to the market centers. The valuation area and haul information is then used with the stumpage value table in WAC 458-40-660 to determine the value, and adjustments to the table values, for the standing timber on the land.**
- **WAC 458-40-650 defines the quality code numbers for each species of timber shown on the stumpage value tables.**
- **WAC 458-40-660 sets forth the stumpage value tables and the stumpage value adjustments that are used to calculate the timber excise tax owed by the timber harvester.**



- **WAC 458-40-670 provides the process by which businesses that process chipwood, chipwood products, and/or small logs can become approved chipwood or small log destinations.**
- **WAC 458-40-680 provides the means for determining the volume of timber harvested in Washington.**

2. Need:

YES	NO	
X		Is the document necessary to comply with the statutes that authorize it? (E.g., Is it necessary to comply with or clarify the application of the statutes that are being implemented? Does it provide detailed information not found in the statutes?)
	X	Is the document obsolete to a degree that the information it provides is of so little value that the document warrants repeal or revision?
	X	Have the laws changed so that the document should be revised or repealed? (If the response is “yes” that the document should be repealed, explain and identify the statutes the rule implemented, and skip to Section 10.)
X		Is the document necessary to protect or safeguard the health, welfare (budget levels necessary to provide services to the citizens of the state of Washington), or safety of Washington’s citizens? (If the response is “no”, the recommendation must be to repeal the document.)

Please explain. **RCW 84.33.091 requires the department to designate stumpage value areas. It also provides that the department prepare stumpage value tables every six months for harvesters to use for calculating the forest excise tax. These rules provide the means of publishing this information mandated by statute.**

In addition, RCW 84.33.035(4) and .074 provide that the amount of timber harvested for calculating the timber excise tax is determined by the Scribner Decimal C Scale or other prevalent measuring practice adjusted to arrive at substantially equivalent measurements, as approved by the department of revenue.

WAC 458-40-670 provides an approval method for determining volume when selling chipwood, utility logs, and small logs when sold to designated purchasers. WAC 458-40-680 provides a description of scaling methods and adjustments to meet RCW 84.33.074 and determine volume by board feet under RCW 84.33.091.

3. Related ancillary documents, court decisions, BTA decisions, and WTDs: Complete Subsection (a) only if reviewing a rule. Subsection (b) should be completed only if the subject of the review is an ancillary document. Excise Tax Advisories (ETAs), Property Tax Bulletins (PTBs) and Audit Directives (ADs) are considered ancillary documents.

(a)

YES	NO	
	X	Are there any ancillary documents that should be incorporated into this rule? (An Ancillary Document Review Supplement should be completed for each and submitted with this completed form.)



Reviewing Rules and Ancillary Documents

	X	Are there any ancillary documents that should be repealed because the information is currently included in this or another rule, or the information is incorrect or not needed? (An Ancillary Document Review Supplement should be completed for each and submitted with this completed form.)
	X	Are there any Board of Tax Appeal (BTA) decisions, court decisions, or Attorney Generals Opinions (AGOs) that provide information that should be incorporated into this rule?
X		Are there any administrative decisions (e.g., Appeals Division decisions (WTDs)) that provide information that should be incorporated into the rule?

(b)

YES	NO	
		Should this ancillary document be incorporated into a rule?
		Are there any Board of Tax Appeal (BTA) decisions, court decisions, or Attorney Generals Opinions (AGOs) that affects the information now provided in this document?
		Are there any administrative decisions (e.g., Appeals Division decisions (WTDs)) that provide information that should be incorporated into the document?

If the answer is “yes” to any of the questions in (a) or (b) above, identify the pertinent document(s) and provide a brief summary of the information that should be incorporated into the document.

12 WTD 7, Det. 91-190 (1991)(Harvester bears burden of proving volume of timber by scaling methods provided in WAC 458-40-684). The holding that the burden is on the taxpayer to provide volume by an approved method should be incorporated into WAC 458-40-680.

4. Clarity and Effectiveness:

YES	NO	
X		Is the document written and organized in a clear and concise manner?
X		Are citations to other rules, laws, or other authority accurate? (If no, identify the incorrect citation below and provide the correct citation.)
X		Is the document providing the result(s) that it was originally designed to achieve? (E.g., does it reduce the need for taxpayers to search multiple rules or statutes to determine their tax-reporting responsibilities, help ensure that the tax law and/or exemptions are consistently applied?)
	X	Do changes in industry practices warrant repealing or revising this document?
	X	Do any administrative changes within the Department warrant repealing or revising this document?

Please explain. **These rules were substantially revised in 2000. WAC 458-40-610 was revised again in 2002, and WAC 458-40-660 is revised every six months as provided by statute. The rules currently provide an acceptable manner of determining the value of standing timber in the state. The rules provide an effective means of determining timber value at this time.**



However, some clarification is needed for those times when the harvester determines scale by a method that has not been approved by the department.

5. Intent and Statutory Authority:

YES	NO	
X		Does the Department have sufficient authority to adopt this document? (Cite the statutory authority in the explanation below.)
X		Is the document consistent with the legislative intent of the statutes that authorize it? (I.e., is the information provided in the document consistent with the statute(s) that it was designed to implement ?) If “no”, identify the specific statute and explain below. List all statutes being implemented in Section 9, below.)
	X	Is there a need to recommend legislative changes to the statutes being implemented by this document?

Please explain. **Generally, RCW 82.33.096 provides for the administrative provisions of chapter 82.32 RCW, including general rulemaking authority under RCW 82.32.300, applies to timber excise taxes. In addition, more specific direction for the adoption of stumpage tables by rule is found in RCW 84.33.091 and RCW 84.33.200. RCW 82.01.060(2) also provides the department with rule-making authority.**

6. Coordination: Agencies should consult with and coordinate with other governmental entities that have similar regulatory requirements when it is likely that coordination can reduce duplication and inconsistency.

YES	NO	
	X	Could consultation and coordination with other governmental entities and/or state agencies eliminate or reduce duplication and inconsistency?

Please explain. **No other agency is responsible for taxing the value of standing timber harvested from Washington forest land. However, several state and federal agencies engage in managing and selling standing timber. The department continues to work with these state and federal agencies to reduce or eliminate any duplication or inconsistencies that may result from the department and taxpayer’s interaction with these agencies.**

7. Cost: When responding, consider only the costs imposed by the document being reviewed and not by the statute.

YES	NO	
X (in part)		Have the qualitative and quantitative benefits of the document been considered in relation to its costs? (Answer “yes” only if a Cost Benefit Analysis was completed when the rule was last adopted or revised.)

Please explain. **A cost benefit analysis is prepared every six months when the stumpage value tables are revised (WAC 458-40-660).**



8. Fairness: When responding, consider only the impacts imposed by the document being reviewed and not by the statute.

YES	NO	
X		Does the document result in equitable treatment of those required to comply with it?
	X	Should it be modified to eliminate or minimize any disproportionate impacts on the regulated community?
	X	Should the document be strengthened to provide additional protection to correct any disproportionate impact on any particular segment of the regulated community?

Please explain. **These rules currently provide an acceptable manner of determining the value of standing timber in the state and based upon comments received each time the tables are revised the valuation model is perceived as fair. The stumpage value tables are adjusted every six months for changes in value.**

9. LISTING OF DOCUMENTS REVIEWED: (Use “bullets” with any lists, and include documents discussed above. Citations to statutes, ancillary documents, and similar documents should include titles. Citations to Attorneys General Opinions (AGOs) and court, Board of Tax Appeals (BTA), and Appeals Division (WTD) decisions should be followed by a brief description (i.e., a phrase or sentence) of the pertinent issue(s).)

Statute(s) Implemented:

- **RCW 84.33.035 (Definitions)**
- **RCW 84.33.091 (Tables of stumpage values--Revised tables--Legislative review--Appeal.)**

Ancillary Documents (i.e., ETAs, PTBs, and ADs):

Court Decisions:

Board of Tax Appeals Decisions (BTAs):

Administrative Decisions (e.g., WTDs):

Det. 99-172, 19 WTD 277 (2000) (Adoption of small logs category in stumpage value tables could not be used retroactively for previous reporting periods)

Det. 85-259A, 1 WTD 173 (1986)(Harvester may not use new conversion methods approved by rule for previous periods to determine volume.)

12 WTD 7, Det. 91-190 (1991)(Harvest bears burden of proving volume of timber by scaling methods provided in WAC 458-40-684).

Attorney General’s Opinions (AGOs):

Other Documents (e.g., special notices or Tax Topic articles, statutes or regulations administered by other agencies or government entities, statutes, rules, or other documents that were reviewed but were not specifically relevant to the subject matter of the document being reviewed):



10. Review Recommendation:

- ☒ Amend WAC 458-40-660 & 458-40-680
- ☐ Repeal
- ☒ Leave as is
- ☐ Begin the rule-making process for possible revision. (Applies only when the Department has received a petition to revise a rule.)
- ☐ Incorporate ancillary document into a new or existing rule. (Subject of this review must be an ancillary document and not a rule.)

Explanation of recommendation: (If recommending an amendment of an existing rule, provide only a brief summary of the changes you've identified/recommended earlier in this review document.) **The stumpage value tables in WAC 458-40-660 must be revised every six months. The determination of volume and the weight conversion method in WAC 458-40-680 needs clarification. The rule should be revised to clarify what occurs when a taxpayer reports timber under a scaling method that has not been approved by the department. The use of the weight conversion method needs to be clarified so taxpayers understand it is used when the timber is purchased by weight.**

There is no need to revise the balance of the rules subject to this review at this time.

11. Manager action: Date: 6/4/03

AL Reviewed and accepted recommendation

Amendment priority:

- ☒ 1
- ☐ 2
- ☐ 3
- ☐ 4